

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-337-C - ORDER NO. 2008-4
JANUARY 11, 2008

IN RE: Application of Sage Telecom, Inc. for a)	ORDER GRANTING
Certificate of Public Convenience and)	CERTIFICATE AND
Necessity to Provide Resold and Facilities-)	APPROVING FLEXIBLE
Based Local Exchange and Interexchange)	AND MODIFIED
Telecommunications Services in the State of)	ALTERNATIVE
South Carolina and for Flexible Regulation)	REGULATION
and Alternative Regulation.)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Sage Telecom, Inc. (“Sage” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold and facilities-based local exchange and interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2006) and the rules and regulations of the Commission. By its Application, Sage also requests flexible regulation of its local exchange service offerings pursuant to Order No. 98-165 in Docket No. 1997-467-C, alternative regulation of its business interexchange services consistent with Commission Orders, and waiver of certain Commission regulations.

The Commission’s Docketing Department instructed Sage to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of

the Application of Sage and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Sage complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Telephone Coalition (“SCTC”). Subsequent to the intervention, Sage and SCTC reached a Stipulation, attached hereto as Order Exhibit 1.

Subsequently, Sage and ORS filed a Settlement Agreement attached hereto as Order Exhibit 2. A hearing was convened on December 3, 2007, at 10:00 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. Sage was represented by Bonnie D. Shealy, Esquire. The Office of Regulatory Staff (“ORS”) was represented by Florence P. Belser, Esquire. The South Carolina Telephone Coalition did not appear at the hearing.

Andrew Karl, Regulatory Compliance Manager for the Company, testified in support of the Company’s Application. The record reveals that Sage is a corporation organized under the laws of the State of Texas and that it is registered to transact business in South Carolina as a foreign corporation. According to Mr. Karl, the Company seeks authority as a facilities-based provider and reseller of local services and interexchange services. Mr. Karl explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. The Company intends to primarily offer services to residential and small business customers. Mr. Karl also discussed Sage’s technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Karl offered that Sage possesses sufficient

financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company's Application and Mr. Karl's testimony both evidence that Sage's management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Karl also testified that Sage will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Karl offered that approval of Sage's Application would serve the public interest.

Mr. Karl, on behalf of the Company, requests a waiver of 26 S.C. Code Ann. Regs. 103-610, since the Company's books are maintained in Texas. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts ("USOA"). Sage maintains its books in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, the Company requests that it not be required to publish local exchange directories and therefore requests waiver of 26 S.C. Code Ann. Regs. 103-631.

In addition, the Company voluntarily described several compliance issues that had taken place in Indiana, with the Federal Communications Commission (the FCC), and with the New Mexico Commission. The Company paid a civil penalty in Indiana. There were some "slamming" issues with the FCC, however, these did not result in any fines to the Company. While initially having had an Application for authority in New Mexico rejected, the New Mexico Commission subsequently vacated the rejection order, and a new application is now before that Commission. In summary, these regulatory issues related to Sage have been resolved.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Sage is organized as a corporation under the laws of the State of Texas, and is authorized to do business as a foreign corporation in South Carolina by the Secretary of State.
2. Sage desires to operate as a provider of facilities-based and resold local and interexchange services in South Carolina.
3. We find that Sage possesses the managerial experience and capability to operate as a provider, on a facilities-basis and through resale, of local services and interexchange services in South Carolina.
4. We find, based on the financial statements submitted by the Company and the testimony at the hearing, that Sage possesses sufficient financial resources to provide the services as described in its Application and testimony.
5. We find that the issuance of a Certificate of Public Convenience and Necessity to Sage to operate on a facilities basis and as a reseller of local exchange telecommunications and interexchange services in South Carolina would be in the best interest of the citizens of South Carolina by providing more innovative services.
6. Sage requests a waiver of 26 S.C. Code Ann. Regs. 103-610. The Commission finds Sage's requested waiver reasonable and understands the potential difficulty presented to Sage should the waiver not be granted. Further, we find that a

waiver of 26 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe that exemption from the policies that would require the Company to keep its records under the USOA is reasonable. Additionally we find that a waiver of 26 S.C. Code Ann. Regs. 103-631 is reasonable and in the public interest.

7. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B) (1) (Supp. 2006).

8. The Commission finds that the Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B) (3) (Supp. 2006).

9. The Commission finds that the Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B) (4) (Supp. 2006).

10. The Commission finds that services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B) (2) (Supp. 2006).

11. The Commission finds that the provision of local exchange service by the Company "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280(B)(5) (Supp. 2006).

12. Following execution of a Stipulation with intervenor South Carolina Telephone Coalition ("SCTC"), the SCTC withdrew its opposition to the Application.

CONCLUSIONS OF LAW

1. The Commission concludes that Sage possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that Sage will participate in the support of universally available telephone service at affordable rates to the extent that Sage may be required to do so by the Commission.

3. The Commission concludes that Sage will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of Sage's Application to provide intrastate telecommunications services within South Carolina will serve the public interest by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of telecommunications service by Sage will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide intrastate local exchange and interexchange telecommunications services as requested by Sage and as set forth in its Application and Mr. Karl's testimony is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Sage to provide resold intrastate local exchange telecommunications services and intrastate interexchange telecommunications services.

8. The Commission adopts a rate design for Sage for its residential interexchange services which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

9. Sage shall not adjust its residential interexchange rates for end-users below the approved maximum level without notice to the Commission and to the public. Sage shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp.2006).

10. The Commission concludes that Sage's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in

Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this “alternative regulation” to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing.

If an investigation of a particular tariff filing is instituted within seven days of the filing date, the tariff filing will then be suspended until further Order of the Commission. If an investigation is instituted on a particular tariff filing, notice of the investigation will be provided to the person or entity making the tariff filing and to the Commission. The notice is timely if dated within seven days of the filing date.

11. The Commission concludes the Company's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for the Company's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels approved by the Commission. Further, the Company's local exchange service tariff filings are presumed valid upon filing. An investigation of the tariff filing may be instituted within 30 days of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. If an investigation is instituted on a particular tariff filing, notice of the investigation will be provided to the person or entity making the tariff filing and to the Commission. The notice is timely if dated within thirty days of the filing date. Further, any such tariff filings will be subject to the same monitoring process as similarly situated local exchange carriers.

12. We conclude that Sage's request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted, since strict compliance with the regulation potentially causes undue hardship on that Company. We also grant exemption from the policies requiring the use of USOA. In addition, we grant waiver of 26 S.C. Code Ann. Regs. 103-631, which requires publication of a local telephone directory.

13. The Stipulation and Settlement Agreement between the various parties should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Sage to provide intrastate interexchange services as a facilities-based carrier and through the resale of services authorized for resale by tariffs of carriers approved by the Commission, as well as to provide facilities-based and resold local exchange telecommunications services within the State of South Carolina.

2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, Sage shall file its revised tariff, if any, and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Sage-ORS Settlement Agreement.

4. The Company's service is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. Sage shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Sage changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, Sage shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (47 C.F.R. § 51.209). Specifically, Sage shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. Sage shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Sage shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund (“USF”) worksheet, which may be found on the ORS’s website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company’s liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **July 1st** with the Commission and ORS.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Sage shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

11. At the hearing, Sage requested a waiver of 26 Code Ann. Regs. 103-610 (Supp. 2006), which requires that records required by the Commission’s Rules and

Regulations be maintained in South Carolina. The Commission finds Sage's requested waiver reasonable and understands the potential difficulty presented to Sage should the waiver not be granted. The Commission therefore grants the requested waiver. However, Sage shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and Sage shall promptly notify the Commission and ORS if the location of its books and records changes.

12. Sage also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts. The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Sage maintains its book of accounts in accordance with Generally Accepted Accounting Principles. GAAP is used extensively by interexchange carriers and other competitive telecommunications carriers. Accordingly, Sage requests an exemption from the USOA requirements. We grant the Company's request for the reasons stated above.

13. In the event that Sage offers or provides any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated, Sage is required to comply with that Title and Chapter, which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911" system or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, in the event Sage offers or provides the appropriate services, the Commission hereby instructs Sage to

contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memorandum from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This memorandum provides information about contacting County 911 Coordinators. By this Order and prior to providing local telephone services in South Carolina, Sage shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company's operations as required by the 911 system.

14. The Stipulation and Settlement Agreement between the various parties are hereby approved.

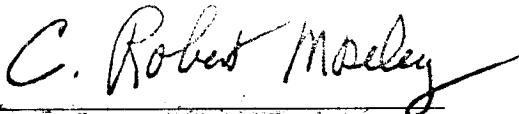
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2007-337-C

Re: Application of Sage Telecom, Inc. for a)
Certificate of Public Convenience and Necessity)
to Provide Facilities-based and Resold Local)
Exchange and Interexchange Telecommunications)
Services in the State of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Sage Telecom, Inc. ("Sage Telecom") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Sage Telecom's Application. SCTC and Sage Telecom stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Sage Telecom, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.
2. Sage Telecom stipulates and agrees that any Certificate which may be granted will authorize Sage Telecom to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.
3. Sage Telecom stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.
4. Sage Telecom stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless

and until Sage Telecom provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Sage Telecom acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Sage Telecom stipulates and agrees that, if Sage Telecom gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Sage Telecom will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Sage Telecom acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Sage Telecom, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

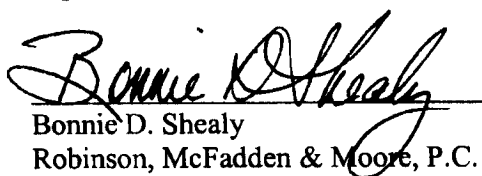
8. Sage Telecom agrees to abide by all State and Federal laws and to participate, to the

extent it may be required to do so by the Commission, in support of universally available telephone service at affordable rates.

9. Sage Telecom hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

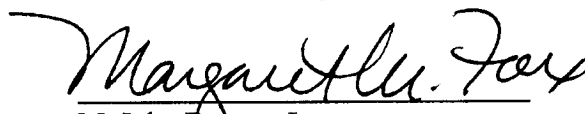
AGREED AND STIPULATED to this 11th day of October, 200⁷.

Sage Telecom, Inc.


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ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-337-C

In Re:)	
Application of Sage Telecom, Inc.)	
for a Certificate of Public Convenience)	
and Necessity to Provide Resold and)	SETTLEMENT AGREEMENT
Facilities-Based Local Exchange and)	
Interexchange Telecommunication)	
Services in the State of South Carolina)	
and for Flexible and Alternative)	
Regulation)	

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Sage Telecom, Inc. ("Sage" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on September 13, 2007, Sage filed its Application requesting (i) a Certificate of Public Convenience and Necessity be granted authorizing Sage to provide resold and facilities-based local exchange and interexchange telecommunications services throughout the State of South Carolina; (ii) alternative regulation of its interexchange business services, consumer card services, operator services, and private line services consistent with Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C; (iii) flexible regulation for its local exchange telecommunications services consistent with Order No. 98-165 in Docket No. 97-467-C; (iv) waiver of certain regulations of the Public Service Commission of South Carolina ("Commission"), specifically Regulations 103-610 regarding location of records and 103-631 concerning publishing and distributing local

exchange directories; and (v) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts ("USOA");

WHEREAS on September 20, 2007, the Commission issued a Notice of Filing and Hearing and established a return date of October 22, 2007, for the filing of letters of protest or petitions to intervene and established a hearing date of December 3, 2007 for the application to be heard before a hearing examiner;

WHEREAS, on September 26, 2007, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this docket;

WHEREAS, on October 4, 2007, counsel for ORS entered a Notice of Appearance in this matter;

WHEREAS, on October 10, 2007, the Commission issued its Order No. 2007-721 by which the Commission appointed David Butler, Esquire as the Hearing Examiner in this matter;

WHEREAS, on October 15, 2007, the SCTC filed with the Commission a Stipulation between the SCTC and Sage

WHEREAS, on October 22, 2007, Sage pre-filed the direct testimony of Andrew Karl with the Commission;

WHEREAS, the purpose of this proceeding is to review the application filed by Sage and its requests (i) for a Certificate of Public Convenience and Necessity to provide facilities-based and resold local exchange and interexchange telecommunications services within the State of South Carolina; (ii) for alternative regulation of its interexchange business services, consumer card services, operator services, and private line services consistent with Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C; (iii) for flexible regulation for its local exchange telecommunications services consistent with Order

No. 98-165 in Docket No. 97-467-C; (iv) for waiver of certain of the Commission Regulations, specifically Regulations 103-610 regarding location of records and 103-631 concerning publishing and distributing local exchange directories; and (v) for waiver of any requirement to maintain financial records in conformance with the USOA;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of Sage to provide the services requested in the Application;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Sage, and ORS has calculated certain performance ratios based upon information provided by the Sage;

WHEREAS, ORS has investigated the services to be offered by Sage and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by Sage;

WHEREAS, ORS has reviewed the prefiled testimony of Andrew Karl;

WHEREAS, as a result of its investigations, ORS has determined (a) Sage intends to offer resold and facilities-based local and long-distance telecommunications services such as residential and business local exchange services, switched outbound ("1 +" dialing), toll-free service, directory assistance services, and operator services; (b) the officers of Sage possess sufficient technical and managerial abilities to adequately provide the services applied for; (c) based upon the information provided and the analysis performed, Sage appears to have access to sufficient financial resources necessary to provide the services proposed in its application; (d) Sage's proposed tariffs with the amendments as agreed to in this Settlement Agreement comply with Commission statutes and regulations; (e) the services provided by Sage will meet the service standards required by the Commission; (f) the provision of services by Sage will not

adversely impact the availability of affordable telecommunications services; (g) to the extent it is required to do so by the Commission, Sage will participate in the support of universally available telephone service at affordable rates; and (h) the provision of interexchange services by Sage will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that Sage's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of Sage's witness Andrew Karl without cross-examination by ORS;
- 3) Sage has submitted financial data, which was provided as Exhibit C to Sage's Application and which was granted Protective Treatment by Commission Hearing Examiner Directive dated October 12, 2007 and which financial data is incorporated by reference;
- 4) The Parties agree that Sage should be granted a Certificate of Public Convenience and Necessity to provide facilities-based and resold local exchange and interexchange telecommunications services within the state of South Carolina;
- 5) Sage has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 concerning the location of books and records. However, S.C. Code Ann. §58-9-380 (Supp. 2006) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory

Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing Sage to maintain its books and records outside of the State of South Carolina in exchange for Sage agreeing to provide access to its books and records. ORS is agreeable to Sage maintaining its books and records at its principal offices in the State of Texas, and Sage agrees to notify the ORS of any change in the location of the principal office or in the location where the books and records are maintained. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2006) or § 58-9-1070 (Supp. 2006). ORS expressly reserves its rights to require the production of books, records and other information located within or outside of the State of South Carolina in order to carry out its duties and compliance with any state or federal regulation;

6) ORS does not oppose Sage's request for waiver of 26 S.C. Code Ann. Regs. 103-631 which requires the publication and distribution of directories, and Sage agrees make arrangements with publishers of local directories in South Carolina to include the names and telephone numbers of Sage's subscribers and customers in local directories, unless a subscriber indicates his/her desire for an unpublished telephone number;

7) Sage has requested a waiver of any rule or regulation that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). Sage acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2006) provides that the ORS may, in its discretion and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the commission's jurisdiction and that the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of

accounts as prescribed by the ORS. Sage agrees to keep its books, papers, and records in such a manner that permits ORS to audit its revenues and expenses for compliance with programs such as but not limited to the Universal Service Fund ("USF") and the Interim LEC Fund, dual party relay service fund, and gross receipts. Sage agrees to complete the reporting forms for such programs as but not limited to USF, dual party relay service fund, Interim LEC, and gross receipts as may be required by the ORS of telecommunications companies certificated to operate within South Carolina and as the reporting forms may be amended from time to time;

8) ORS does not oppose Sage's requests (a) for flexible regulation for its local telecommunications service offerings consistent with Order No. 98-165 in Docket No. 97-467-C, such flexible regulation including specifically (i) adoption of a competitive rate structure incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels and (ii) presumptively valid tariff filings upon filing subject to an investigation of such tariff filing being instituted within thirty (30) days and (b) for alternative regulation of its interexchange business services, consumer card services, operator services, and private line service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) regulation of these services listed above in the same manner as these services are regulated of AT&T Communications of the Southern States, Inc., (ii) removal of the maximum rate tariff requirements for Sage's business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (iii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within seven (7) days, in which case the tariff filing will be

suspended until resolution of the investigation or until further order of the Commission; and (iv) grant Sage the same treatment as AT&T Communications of the Southern States, Inc. in connection with any future relaxation of reporting requirements;

9) Sage agrees to resell the services only of those local exchange providers or interexchange carriers authorized to do business in South Carolina by the Commission. Sage agrees to notify ORS and the Commission, in writing, of its underlying interexchange carriers and if Sage changes its underlying interexchange carriers;

10) Sage agrees that it will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

11) Sage agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, dual party relay service fund reporting, interim LEC fund reporting, annual reporting, gross receipts reporting, and/or any other reporting which may now or in the future be applicable to telecommunications providers such as Sage. The Parties agree that such reports shall be filed pursuant to ORS' instructions and monies shall be remitted in accordance with the directions of the ORS and the Commission.

12) Sage agrees to maintain its books and records in a manner that would permit ORS to examine any of Sage's reports filed with the Commission and provided to ORS.

13) Sage agrees to file with the Commission and ORS a completed authorized utility representative forms within thirty (30) days of the Commission's order.

14) In the event that Sage offers prepaid calling card services in the future, Sage agrees that it shall post a surety bond in the amount of \$5,000 as required by the Commission;

15) In the event that Sage offers local and long distance services to end users, Sage agrees to comply with the verification regulations governing change of preferred carriers as established by Federal Communications Commission ("FCC"). In addition, in the event that Sage offers local and long distance services to end users, Sage agrees to comply with the marketing practices and guidelines established by the Commission in Order No. 95-658;

16) Sage agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, to the extent applicable, Sage agrees to adhere to the FCC's rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, Sage shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

17) To the extent necessary, Sage agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

18) It is understood and agreed that Sage will not initially offer or provide any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated regarding "Public Safety Communications Centers," but in the event that Sage in the future offers or provides a service to which Title 23, Chapter 47 of the South Carolina Code regarding "Public Safety Communications Centers," also known as 911 services, Sage agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," also known as 911 services." At that time, Sage agrees to contact the appropriate authorities regarding 911 services in the

counties and cities where Sage will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding Sage's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

19) Sage agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

20) Sage agrees to file a final revised tariff with both the ORS and the Commission and the revised tariff shall reflect and be in accordance with ORS' recommendations as set forth in the summary attached as Exhibit 2 to this Settlement Agreement.

21) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

22) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending

to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

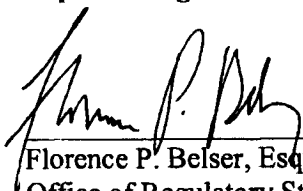
23) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

24) This Settlement Agreement shall be interpreted according to South Carolina law.

25) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

Representing the Office of Regulatory Staff

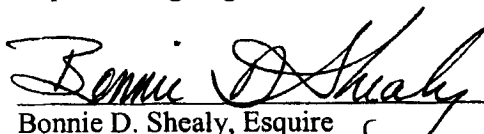


Florence P. Belser, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201
Telephone: (803) 737-0853
Fax: (803) 737-0895
Email: fbelser@regstaff.sc.gov

November 16, 2007
Date

WE AGREE:

Representing Sage Telecom, Inc.



Bonnie D. Shealy, Esquire
Robinson, McFadden & Moore, P.C.
1901 Main Street, Suite 1200
Post Office Box 944
Columbia, SC 29202
Telephone: (803) 779-8900
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bshealy@robinsonlaw.com

November 12, 2007
Date

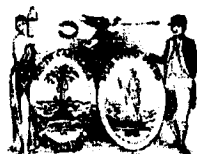
STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

EXHIBIT 1

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
1000 ASSEMBLY STREET, SUITE 425
COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
WILLIAM GILLESPIE
(803) 734-3803

GENETIC SURVEY
5 BIOLOGY ROAD
COLUMBIA, S.C. 29210
LEWIS LAMINE
(803) 896-7700

DIGITAL CARTOGRAPHY
(803) 734-3802

HEALTH & DEMOGRAPHICS
STATISTICS
1919 BLANDING STREET
COLUMBIA, S.C. 29201
WALTER P. BAILEY, M.P.H.
(803) 898-9941

EXHIBIT 2

Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 1 of 7

***Sage Telecom has agreed to incorporate the following changes in its South Carolina
Tariff No. 1, No. 2, and No. 3.***

South Carolina Local Exchange Tariff of Sage Telecom, Inc. (Tariff No. 1)

Page 1==A telephone or e-mail address should be included in the regulatory contact footer at the bottom of the page. This phone number or e-mail address should be included in all following pages as well.

Page 5, Number 4. Add at end of paragraph== “Copies of all tariff filings and revisions will be sent to the ORS”.

Section 1

Page 8==**Include within Definitions**== “Commission—The Public Service Commission of South Carolina”

Page 9==**Include within Definitions**== “ICB—Individual Case Basis. All ICB’s will be made available to the ORS upon request”

Page 10==**Include within Definitions**== “ORS—The South Carolina Office of Regulatory Staff”

Section 2

Page 12 2.3.2==**add at end of paragraph**== “Sage may discontinue service for any other reason that conforms to South Carolina Regulations 103-625”

Page 12 2.3.6==**add at end of paragraph**== “Sage will keep records of all interruptions of service. These records will include a statement of time, duration, cause of interruption and steps taken to correct interruption. These records will be forwarded to the ORS” (SC Reg 103-614)

Page 13 2.3.7== **remove in its entirety, add this language in its place**== “In cases involving abnormal and excessive use of toll service or inbound collect calls, service may be denied two days after written notice is given to the customer, unless satisfactory arrangements for payment are made.” (SC Reg 103-625) “Sage may immediately suspend service where there is probable cause to believe that there is illegal or willful misuse of the telephone utility’s service.”

EXHIBIT 2
Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 2 of 7

Page 13 2.3.10= add at end of paragraph= "Sage will not discontinue service for nonpayment for services by a previous occupant of the premises to be served, unless such previous occupant shall benefit from such new service or unless the new occupant benefited from such old service." (SC Reg 103-626)

Page 14 2.4.1 ==remove language from paragraph= "In no event does Sage's liability exceed an amount equivalent to the amount paid by the customer for the period of service during which such mistakes, omissions, interruptions, delays errors or defects occur"

Page 14 2.4.4 ==add at end of paragraph= "in an atmosphere which is explosive, prone to fire, dangerous, or otherwise unsuitable for such equipment".

Page 19 2.7.1 ==add at end of paragraph= "For a new customer, a maximum deposit may be required up to an amount equal to an estimated two months total bill (including toll and taxes). (SC Reg. 103-621.2)

Page 19 2.7.2 ==add at end of paragraph= "The Deferred Payment Plan will conform to specifications of SC Reg. 103-622.5"

Page 20 2.7.4 ==Delete in its entirety

Page 21 2.8.5 ==add at end of paragraph= "The Company, at its option for good cause, may refuse to accept a check tendered as payment on a customer's account." (SC Reg. 103-622.4)

Page 23 2.9.1 ==add at end of paragraph= "Records of periods of interruption will be kept including date, time, cause, and duration of interruption. These records of individual interruption will be made available to the ORS."

Page 23 2.9.4 ==add within sentence= "Written notice of a dispute must be made within the statute of limitations, as provided by the State of South Carolina, otherwise, such charges shall be deemed correct and binding to the Customer." **==add at end of sentence=** "Sage Telecom will keep records of all such disputes and make them available to the ORS upon request."

Page 25 2.12.2 ==include amount of "termination liability" in rates section.

Page 25 2.12.3 ==include amount for "restoration of service" and "activation fee" in rates section

Page 28 2.19 ==change address for ORS. Phone Numbers Remain the Same.

EXHIBIT 2
Exhibit to Settlement Agreement
Between Sage Telecom, Inc and ORS
Page 3 of 7

Office of Regulatory Staff
Consumer Affairs Department
1441 Main St. Suite 300
Columbia, SC 29201

Section 3

Page 35 3.1.3.A ==add at end of paragraph== "...and copies provided to the ORS".

Page 38 3.1.3.B. ==add at end of paragraph== "...and copies provided to the ORS".

Page 49 3.1.8.A.1 ==all language should be consistent. Is this Repeat Dialing or Call Again?

Page 50 3.1.8.A.4 ==all language should be consistent. Is this Call Return or Missed Call Dialing?

Page 57 3.1.12 ==add at end of paragraph== "All ICB arrangements shall be made available to the ORS upon request."

Page 78 6.0 ==add at end of paragraph== "All promotional offerings will be filed with the Commission and a copy will be provided to the ORS."

Sage Telecom, Inc. Intrastate Interexchange Telecommunications Tariff No. 2

Page 1 ==include a telephone number or email address in regulatory contact information as footer. Include number or email in subsequent pages as well.

Page 4 ==add to language== "When a tariff filing is made with the Commission and copies provided to the ORS, an updated ..."

Page 5 ==remove "local exchange" and add "interexchange".

Section 1—Definitions

Page 7 ==In definition for "Interexchange Carrier", remove the word "Customer" and substitute with "Company".

Page 8 ==add to definitions== "ORS—Office of Regulatory Staff"

EXHIBIT 2
Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 4 of 7

Section 2

Page 9 2.3.2==add at end of paragraph== "...or any other reason that conforms to South Carolina Regulation 103-625."

Page 9 2.3.4==delete in its entirety, replace with substitute language== "Sage, through the use of commercially acceptable methods in order to investigate the credit worthiness of a customer, may require deposit before service begins. If the customer, fails to provide a deposit, Sage may then deny or refuse the customer service." (SC Reg 103-621 and 103-625)

Page 10 2.3.6 ==add at end of paragraph== "Records of Interruptions of Service will be kept including date, time, duration and cause of interruption. These Records will be available to the ORS upon request."

Page 10 2.4.1 ==delete the following language from paragraph== "In no event does Sage's liability exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors, or defects occur."

Page 10 2.4.4 ==add at end of paragraph== "in an atmosphere which is explosive, prone to fire, dangerous, or otherwise unsuitable for such equipment".

Page 14 2.7.1.A == delete from paragraph== "...applicable PSC of South Carolina Rules and Regulations".

==substitute language== "pursuant to South Carolina Regulation 103-621.2....,"

Page 14 2.7.2 ==add at end of paragraph== "Sage may also require a deposit from a customer whose service has been recently discontinued in order to reestablish service." (SC Reg 103-621.2)

Page 14 2.7.3 ==delete in its entirety, add substitute language== "Sage will require Customer deposits. The amount of the deposits will conform to SC Regulation 103-621.2. Interest will be paid on these deposits pursuant to SC Regulation 103-621.3 and 103-621-5."

Page 15 2.8.5 ==add within paragraph, if the Company charges a late fee== "The Company will charge a late fee that does not exceed one and one-half percent on any balance brought forward past the due date." (SC Reg. 103-622.2) or "The Company may charge a late fee on any unpaid balance pursuant to SC Reg. 103-622.2."

EXHIBIT 2

Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 5 of 7

Page 15 2.8.5 ==add at end of paragraph== “The Company, at its option for good cause, may refuse to accept a check tendered as payment on a customer’s account.” (SC Reg. 103-622.4)

Page 15 2.8.6 ==delete “Public Service Commission of South Carolina” and substitute the “Office of Regulatory Staff”.

Page 15 2.8.9 ==include the amount of the reconnect fee in rates section as well as the maximum rate for reconnect fee.

Page 17 2.8.10 ==add within the paragraph== “any agreement entered into between the Company and the Customer will conform to SC Reg. 103-622.5”.

Page 17 2.9.1 ==add at end of paragraph== “Records of interruption of service will be kept that include date, time, duration and cause of interruption. These records will be available to the ORS upon request.”

Page 18 2.11.1 ==modify sentence== “By giving oral or written notice, Customer may disconnect service at any time.” (Note: Sage has provided alternate language that is acceptable to the ORS)

Page 18 2.11.2 ==Include within this paragraph or in the rates section, the current and maximum fees associated with early termination.

Page 20 2.12.4 == modify sentence== “...Public Service Commission of South Carolina or the South Carolina Office of Regulatory Staff...”.

Page 20 2.12.4 ==add at end of paragraph== “Sage, at its option for good cause, may refuse to accept a check tendered as payment on a customer’s account.” (SC Reg. 103-622.4)

Page 21 2.12.10.D ==modify sentence== “...Public Service Commission of South Carolina or the Office of Regulatory Staff...”

Page 23 2.17 ==change address==phone numbers remain the same
Office of Regulatory Staff
Consumer Services Division
1441 Main Street, Suite 300
Columbia, SC 29201

Page 30 5.4.2 ==Collect Call maximum rate is \$600. This may be incorrect.

EXHIBIT 2

Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 6 of 7

Page 31 6.0 == add at end of 1st paragraph== "All promotional offerings will be filed with the Commission and copies will be provided to the ORS".

Sage Telecom Intrastate Access Services Tariff No. 3

Page 1==A telephone or e-mail address should be included in the regulatory contact footer at the bottom of the page. This phone number or e-mail address should be included in all following pages as well.

Page 4 B==add language== "...on file with the Public Service Commission and copies provided to the ORS."

Section 1 Definitions

Page 9== Include within Definitions== "ICB—Individual Case Basis. All ICB's will be made available to the ORS upon request."

Page 10==Include within Definitions== "ORS—The South Carolina Office of Regulatory Staff"

Section 2

Page 29 2.10.G ==add within paragraph, if the Company charges a late fee== "The Company will charge a late fee that does not exceed one and one-half percent on any balance brought forward past the due date." (SC Reg. 103-622.2) or "The Company may charge a late fee on any unpaid balance pursuant to SC Reg. 103-622.2."

Page 32 2.11.2==Remove in its entirety

Page 33 2.12.1==Remove language from paragraph== "... or advance payment..."

Page 33 2.12.2==add at end of sentence=="Sage may require Customer deposits. The amount of the deposits will conform to SC Regulation 103-621.2. Interest will be paid on these deposits pursuant to SC Regulation 103-621.3 and 103-621-5."

Page 33 2.12.3==remove in its entirety

Page 36 2.14.2==add a letter "E"== "Any other reason pursuant to South Carolina Regulation 103-625".

Page 37 2.14.3==add a letter "H"== "Any other reason pursuant to South Carolina Regulation 103-625".

EXHIBIT 2

Exhibit to Settlement Agreement
Between Sage Telecom. Inc and ORS
Page 7 of 7

Page 38 2.15.1==modify language== "Customers whose service was disconnected for non-payment may be required to pay a deposit, not more than the amount prescribed by SC Regulation 103-621.2 prior to service restoration."

==added regulation and subtracted reference to advanced payment.

Page 41 2.19.1==add at end of paragraph== "Records of tests and interruptions shall be kept including the time, date, duration and cause for testing of interruption. These records will be made available to the ORS upon request."

Section 3

Page 55 3.8.2 "Types of Charges"==Sage should include the various charges (maximum and current) within the rate section.

Section 4

Page 59 4.1==add maximum rates along with current rates.

Page 59 4.2.1==add maximum rates along with current rates.

Page 59 4.2.2==add maximum rates along with current rates.

Section 6

Page 61 6.1==add at end of paragraph== "All special contract arrangements will be made available to the ORS upon request."

Page 61 6.3==add a rate schedule for charges (maximum and current) that may apply that are not ICB.

Page 62 6.4.1==add a rate schedule (maximum and current) for any charges that may apply that are not ICB.